

C O U N C I L C O M M U N I C A T I O N

TO : THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE
AUGUST 16, 1989

SUBJECT: SELF-INSURANCE OF THE CITY'S LONG-TERM DISABILITY PLAN EXTENDED TO 24 MONTHS

PREPARED BY: Assistant City Manager

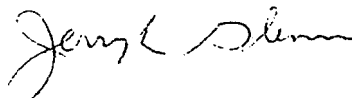
RECOMMENDED ACTION: The City authorize self-insurance of the City's long-term disability plan up to 24 months.

BACKGROUND INFORMATION: The City's present **long-term** disability plan has an 180-day waiting period before the insurance plan takes effect. The cost for this plan was .98% of payroll. We have been notified the premium will increase to 1.34% effective July 1, 1989. Based upon the July 23, 1989 payroll, the additional premium cost is \$1,990.44 per month.

The City can reduce the premium to **.98%** if we increase the waiting period to 24 months. We would be assuming an additional risk of 18 months. With an average per person liability of approximately \$1,500 per month, we will save money if there is no more than 15 person months of paid claims per year. At the present time we have no one off work in the waiting period; therefore, we will have an **immediate** savings of \$11,940. We have discussed this with our agent of record, William McCormack of Delta Benefit Plan who feels this is a prudent move.

Council is requested to authorize staff to **self-insure** our long-term disability up to 24 months.

Respectfully submitted ,



Jerry L. Glenn
Assistant City Manager

JLG: br

Attachment

COUNC613

8/16

RESOLUTION NO. 89-103

4 RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING SELF-INSURANCE OF THE CITY OF LODI'S
LONG-TERM DISABILITY PLAN UP TO 24 MONTHS

BE IT RESOLVED, that the Lodi City Council does hereby authorize self-insurance of the City of Lodi's long-term disability plan up to 24 months.

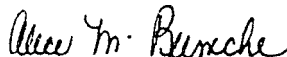
Dated: August 16, 1989

I hereby certify that Resolution No. 89-103 was passed and adopted by the City Council of the City of Lodi in a regular meeting held August 16, 1989 by the following vote:

Ayes : Council Members - Hinchman, Olson, Pinkerton, Reid and Snider (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk

89-103

RES89103/TXTA.02J